Decision **DRAFT DECISION OF ALJ MALCOLM** **(Mailed 1/27/2004)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the Commission's Future Energy Efficiency Policies, Administration and Programs.	Rulemaking 01-08-028 (Filed August 23, 2001)

INTERIM OPINION ADOPTING FUNDING FOR 2004-05 ENERGY EFFICIENCY PROGRAMS AND ADDRESSING CERTAIN PETITIONS AND MOTIONS

I. Summary

This decision approves $71 million in funding for energy efficiency programs for a two-year period beginning in 2004. The energy efficiency programs for which we approve funding in this order are in addition to those funded in Decision (D.) 03-12-060. In that order, we disbursed $752 million to several companies, government agencies and organizations to undertake a variety of programs offered to residential, commercial and industrial customers during 2004 and 2005. These programs are funded through the "public goods charge" (PGC) funds and revenues set aside for energy procurement by electric utilities.

We issue this second decision consistent with D.03-12-060, which held back $67 million in PGC funding in order to reevaluate several types of energy efficiency program proposals that parties presented in fall 2003 for the 2004-05 funding cycle.

Like the programs approved in D.03-12-060, the programs we fund today build on past successes, seek to incorporate new ideas and technologies, develop a more integrated approach to energy resource procurement and complement the state's Energy Action Plan. These programs are funded as part of a larger effort to reduce the per capita use of electricity in California, reduce costs, and improve the electric system's reliability for California customers.

The funding allocated in today's order is for the programs shown in Attachment 1.

We also terminate the "bridge funding" we approved to permit the continuation of 2003 programs through the date we allocate the remaining $67 million. Any amount of bridge funding spent on programs we approve in this decision will be incorporated as part of each program budget authorized for those programs in 2004-05.

Finally, we resolve several outstanding petitions and motions concerning various aspects of our energy efficiency programs.

Total PGC Funds Available

	PG&E	SCE	SDG&E	SCG	TOTAL
2004 and 2005 Electric Public Goods Charge (PGC)[1]	$215,180,000	$180,000,000	$64,800,000	-	$459,980,000
2004 and 2005 Gas Public Purpose Program Funds	$25,776,000	-	$11,000,000	$53,990,000	$90,766,000
Unspent/Uncommitted Energy Efficiency Budget (1998-2002)[2]	$15,444,362	$1,516,272	$389,739	$2,183,000	$19,533,373
Estimated Interest for Electric PGC Funds/Gas PPP Funds	$1,531,938	$1,176,000	$556,281	($297,072)	$2,967,147
PG&E 2003 Unspent and Uncommitted Funds [3]	$4,470,000				$4,470,000
Total PGC Funds Available	**$262,402,300**	**$182,692,272**	**$76,746,020**	**$55,875,928**	**$577,716,520**

Allocation of PY 2004-2005 PGC Funds in D.03-12-060

IOU Statewide Programs	$127,943,329	$89,800,000	$37,641,911	$26,222,908	$281,608,148
IOU Local Programs	$3,245,656	$10,001,439	$4,278,000	$4,755,206	$22,280,301
IOU Partnership Programs	$23,478,022	$14,384,139	$0	$3,752,202	$41,614,363
Total IOU Programs	**$154,667,007**	**$114,185,578**	**$41,919,911**	**$34,730,316**	**$345,502,812**
Statewide Marketing and Outreach	**$17,965,588**	**$13,419,506**	**$5,588,820**	**$4,026,086**	**$41,000,000**
Non-utility Programs	$53,746,992	$28,129,171	$10,568,750	$6,944,486	$99,389,399
Reserved fee for IOU Contract Administration for Non-IOU programs (5%)	$2,687,350	$1,406,459	$528,438	$347,224	$4,969,470
Total Non-IOU Programs	**$56,434,342**	**$29,535,630**	**$11,097,188**	**$7,291,710**	**$104,358,869**
EM&V for Statewide Programs	$3,138,245	$3,057,550	$973,088	$632,746	$7,801,628
Energy Division Special Projects	$677,347	$318,698	$133,880	$97,473	$1,227,398
Energy Division Operating Costs	$262,887	$196,383	$81,826	$58,904	$600,000
Other Studies	$2,297,079	$2,001,457	$965,991	$814,491	$6,079,018
Total EM&V and Other Projects	**$6,375,557**	**$5,574,088**	**$2,154,784**	**$1,603,614**	**$15,708,044**
Total Approved in D-03-12-060	**$235,442,493**	**$162,714,801**	**$60,760,703**	**$47,651,726**	**$506,569,724**

Allocation of PY 2004-2005 PGC Funds by this Decision

	PG&E	SCE	SDG&E	SCG	TOTAL
IOU Statewide Programs	$7,886,788	$16,408,744	$4,036,666	$5,996,450	$34,328,648
IOU Local Programs	$10,569,988	$1,000,000	$0	$0	$11,569,988
IOU Partnership Programs	$0	$651,023	$5,332,662	$1,223,000	$7,206,685
Total IOU Programs	**$18,456,776**	**$18,059,767**	**$9,369,328**	**$7,219,450**	**$53,105,321**
Non-utility Programs	$7,233,266	$1,236,500	$6,022,846	$650,240	$15,142,852
Reserved fee for IOU Contract Administration for Non-IOU programs (5%)	$361,663	$61,825	$301,142	$32,512	$757,143
Total Non-IOU Programs	**$7,594,929**	**$1,298,325**	**$6,323,988**	**$682,752**	**$15,899,994**
EM&V for Statewide Programs and Other Studies	$908,101	$619,379	$292,000	$322,000	$2,141,480
Total EM&V and Other Projects	**$908,101**	**$619,379**	**$292,000**	**$322,000**	**$2,141,480**
TOTAL FUNDING IN THIS DECISION	**$26,959,806**	**$19,977,471**	**$15,985,316**	**$8,224,202**	**$71,146,796**

TOTAL FUNDING IN THIS DECISION and D0312060	**$262,402,300**	**$182,692,272**	**$76,746,020**	**$55,875,928**	**$577,716,520**

Notes

[1] SDG&E: Pursuant to Advice Letter 1483-E effective April 1, 2003, approved by the Commission on April 15, 2003.

[2] PG&E: Net of Carry-over Funds from PY 1998 - PY 2002 and PG&E's two Motions to shift funds to PY 2003 programs and additional Energy Division staff costs, totaling to $3,975,838. Includes Gas Consumption Surcharge Funds remitted to the State Board of Equalization per Resolution G-3303.

[3] PG&E: From PG&E's January 30, 2004 motion to shift unspent and uncommitted 2003 energy efficiency funds.

II. Background

D.03-08-067 solicited energy efficiency program proposals from any interested individual or entity and set forth several parameters for that solicitation. That order addressed programs that would be funded through the public goods charge or "PGC" and the criteria for evaluating related proposals. The Commission originally received more than 400 separate proposals for more than 200 distinct programs. Proposals came from utilities, non-profit organizations, government agencies and businesses. These proposals sought PGC funding in amounts exceeding $1 billion plus an additional $245 million for procurement portfolio programs from Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E).

Commission staff reviewed these proposals and recommended funding for some, using the evaluation criteria adopted in D.03-08-067. Staff used judgment with regard to creating program portfolios for each utility, seeking to balance the various policy criteria set by the Commission and considering the funds available. D.03-12-060 describes the staff's evaluation process in more detail.

D.03-12-060 held back $67 million[1] in anticipated PGC funds in order to reevaluate program proposals with the following characteristics: (1) proposals that did not receive at least 60 points for which staff recommended funding; (2) those that received over 60 points for which the staff did not recommend funding; (3) proposals funded by D.03-12-060 but at lower levels than

[1] The order refers to holding back $64 million but the intent of the order was to hold back $67 million. The discrepancy results from an inadvertent error in the tables that listed $3 million for an SDG&E Partnership Program that the order did not fund.

proponents originally proposed; and (4) proposals that were submitted after the deadline or which would have been submitted after the deadline if staff had granted requests for late submittals. D.03-12-060 stated these programs "may merit further consideration" in light of the criteria adopted in D.03-08-067.

D.03-12-060 invited proponents of these kinds of proposals to submit additional support for their proposals, or to submit modified versions of late-filed proposals by January 16, 2004. D.03-12-060 stated our intent to reconsider those program proposals no later than February 26, 2004.

In response to D.03-12-060, the Commission received supporting documents for several proposals on January 16, 2004 and Commission staff evaluated these proposals.

III. 2004-05 Energy Efficiency Program Proposals for Funding with PGC Revenues

This decision adopts most of staff's initial recommendations for funding the $71 million in 2004 – 2005 programs that D.03-12-060 directed staff to reexamine. The programs selected today have undergone Commission staff analysis, and staff's recommendations are consistent with our policy statements in D.03-08-067.

In this instance and in D.03-12-060, we have strived to create a transparent process for the evaluation of program proposals. Such transparency includes the task of explaining to program proponents how their proposals will be judged. To this end, we have maintained the level of discretion the Commission has used in the past while simultaneously clarifying the scoring criteria. Our objective has been to minimize subjectivity in developing a successful statewide energy efficiency program portfolio that serves many competing objectives. As we stated in D.02-05-046,

> We rated each program according to the criteria described below. In summary, the best proposals/proposers: offer comprehensive service; provide a local presence; have a demonstrated history of success; are innovative; reach the hard-to-serve or niche markets not already served; reach a market that the IOUs did not propose to serve this year; serve a geographic area needing programs; advance emerging technologies; provide persistent, long-term energy savings; deliver services to small business; present the program honestly and credibly; propose reasonable budgets; leave lasting change or infrastructure at the local level; provide maximum benefits to program participants rather than being heavy on overhead; help solve transmission constraints; and work closely with or represent existing city and county governments and institutions.

Additionally, we seek to clarify certain language in D.03-12-060. In this decision, the Commission stated,

> "We decline in this decision to approve for 2004-2005 funding the approximately $64 million in programs that did not receive at least 60 points in the staff's primary analysis, but that were included on the staff's short list. Using the careful criteria we adopted in D.03-08-067, the primary analysis concluded that these programs provide relatively lower overall value to California, and should not be funded for the 2004-2005 period. We are not prepared at this time to deviate from that criteria by funding proposals that fall outside those guidelines.[2] At the same time, we believe that these and other proposals not adopted today may merit further consideration."[3]

This language may inadvertently suggest that the last step in staff's analysis was to rank and score program proposals. It may also imply inadvertently that we

[2] The specific programs are identified elsewhere in this decision.

[3] D.03-12-060, p. 13

expected staff to score programs and then automatically reject any program proposals that scored below a threshold of 60 points. This procedure, however, is not what we anticipated in D.03-08-067 and would have been contrary to selection criteria adopted in D.03-08-067 for assembling the energy efficiency program portfolio. Specifically, D.03-08-067 states,

> "Staff will review proposals and recommend the design of the portfolio as follows: (1) Staff will evaluate each qualifying proposal using the primary and secondary criteria set forth below; (2) The proposals will be ranked in order of their scores on the primary criteria to create a short list of highest ranking proposals; (3) The proposals in this short list will then be ranked based on their combined primary and secondary criteria scores; (4) Finally, a portfolio of programs will be assembled from this smaller pool of proposals. Staff will go through the ranked list of proposals from top to bottom and will consider each proposal's fit into the portfolio. The portfolio must adhere to available funding by utility territory and have a total resources cost (TRC) ratio greater than one, and we ask staff to compile a balanced portfolio of programs that balances the following goals:
>
> - Maximized energy savings
> - Strong cost effectiveness
> - Equitable geographic distribution
> - Diversity of target markets
> - Equity by rate class
> - Equity between gas and electric program offerings and energy savings
> - Diversity of program offerings

- Multiple languages offered to program participants"[4]

If staff had created an artificial threshold score and relied solely on that score for choosing among programs, they would have deviated from Commission direction in D.03-08-067 and past Commission's decisions[5] that have assumed that staff and the Commission would apply judgment and discretion in order to advance the state's energy efficiency goals and avoid duplicative programs.

D.03-12-060 did not create a minimum scoring criteria, but directed staff to re-evaluate certain programs to assure they would be consistent with the Commission's explicit objective to create a balanced energy efficiency portfolio for 2004 – 2005.

It is impossible to fund all programs that have applied for funding. Because funding is limited and we have to make difficult choices, some approved program budgets were reduced and other program proposals did not receive funding at all. Given the reality of a limited budget, we have used our discretion and judgment to create a cost-effective, fair portfolio of programs, consistent with the criteria we adopted in D.03-08-067 and our current policies.

With that as background and consistent with D.03-12-060, Commission staff re-evaluated the certain types of energy efficiency program proposals: (1) those that did not receive at least 60 points for which the staff recommended funding; (2) those that received over 60 points for which staff did not recommend funding; (3) those for which we allocated funding in D.03-12-060 at levels less than originally proposed; and (4) those that the staff rejected because

[4] D.03-08-067, pp. 22-23

[5] D.01-11-066 and D.02-05-046.

they were submitted late or were not submitted because staff would not accept them late. The Commission received letters providing additional support for 77 program proposals.

The programs we adopt today are found in Attachment 1. In addition to the 16 programs that the Commission staff had initially recommended for funding in D.03-12-060 but were not authorized because the Commission requested further evaluation, we authorize five additional program proposals for funding that were not previously recommended by Commission staff. Those programs are Residential Duct Services provided by Energy Analysis Technologies, the Green Schools Program by the Alliance to Save Energy, the Right Lights Program Turnkey Commercial Lighting Retrofits by Ecology Action, the Positive Energy Load Fund by KEMA – XENERGY, and the Statewide School Energy Efficiency Program by D&R International.

The information received for these five programs clarified the scope and management of the programs and convinced us that they merit continued funding.

Attachment 2 describes the programs we fund in this order in more detail.

IV. Energy Efficiency Program Administration

Consistent with the intent of D.03-12-060, all programs for which funding is awarded today are subject to the evaluation, measurement and verification procedures and all other reporting, administrative and contracting requirements adopted in D.03-12-060. Parties implementing the proposals funded in today's order shall refer to that order and comply with its requirements.

V. Petition to Modify D.03-08-067 Filed by Robert Mowris

On October 23, 2003, Robert Mowris (Mowris) filed a petition to modify the ALJ's September 12, 2003 ruling adopting utility EM&V plans for program year 2003. Subsequently, on January 22, 2004, Mowris informed the assigned ALJ by electronic communication that he wished to withdraw this pleading because the concerns it raised had been addressed by the utilities. This order grants Mowris' request to withdraw his October 23, 2003 pleading.

VI. Petition to Modify D.03-08-067 Filed by Women's Energy Matters (WEM)

WEM filed a petition to modify D.03-08-067 on September 26, 2003, arguing that the Commission's interpretation of AB 117 is incorrect and that its alleged preference for funding utility energy efficiency programs is unlawful.[6] The petition also raises concerns that the process for reviewing energy efficiency program proposals for 2004-05 funding is "unclear" and "unworkable." SCE filed a response to WEM's petition. SDG&E, SoCalGas and PG&E filed a joint response to WEM's petition. All four utilities object to WEM's proposals to change the energy efficiency program selection process and its interpretation of AB 117. SCE states that the Commission's order represents a lawful exercise of the Commission's discretion and that the use of PGC funds for a cost-effective portfolio of programs satisfies AB 117's requirement that energy efficiency programs be cost-effective.

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[6] WEM originally tendered the pleading as an application for rehearing. The Commission filed the pleading as a petition for modification because it was filed after the statutory deadline for filing an application for rehearing, which is 30 days following the issuance of the relevant Commission order.

D.03-08-067 set forth the process and criteria for allocating public goods charge revenues to energy efficiency programs. It solicited the ideas and formal proposals of any individual, company or other entity in that regard.

This Commission interpreted AB 117's relevance to energy efficiency programs in D.03-07-034. WEM and Residential Energy Service Companies United Effort (RESCUE) filed timely applications for rehearing of that order. Their applications for rehearing raised a variety of issues, including those raised by WEM in its September 26, 2003 petition challenging the Commission's interpretation of portions of AB 117. On January 8, 2004, the Commission responded to the applications for rehearing of D.03-07-034 filed by RESCUE and WEM. D.04-01-032 denies the applications for rehearing and affirms the Commission's interpretation of those portions of AB 117 that WEM challenges in its September 26, 2003 petition.

Since the filing of WEM's September 26 petition, the Commission issued D.03-12-060, which applied the procedures and criteria adopted in D.03-08-067 and to which WEM objects. On January 22, 2004, WEM and RESCUE filed applications for rehearing of D.03-12-060. These applications for rehearing are currently pending before the Commission.

Because D.04-01-032 has addressed the issues raised in WEM's petition to modify D.03-08-067 and the Commission may address those issues in response to WEM's pending application for rehearing of D.03-12-060, this order denies WEM's petition to modify D.03-08-067.

VII. Motion to Mandate Release of Scoring Information Filed by Sesco

On January 14, 2004, Sesco, Inc. filed a "Motion to Mandate Energy Division Release of Scores and To Extend Due Date for Submittal of Additional

Support for PY 2004-05 Energy efficiency Programs." Sesco's motion asserts that letters sent to parties who did not receive funding for 2004-05 in D.03-12-060 do not provide scores or adequately explain the reasons that they did not receive funding. Sesco sought an extension of time to submit additional information to support 2004-05 program proposals from January 16, 2004, as required by D.03-12-060 to three to five business days following receipt of information from staff about why D.03-12-060 did not allocate funding the associated to subject energy efficiency program proposals.

D.03-12-060 directed Commission staff to send letters to parties whose energy efficiency program proposals were not funded, identifying their scores and "an explanation of the development of the score." Our objective was to provide parties with some insights about staff's recommendations. Because of the limitations imposed by time and the press of other work, we did not expect staff to provide an elaborate justification for its recommendations or describe changes to each proposal in ways that would assure future funding.

In response to our directive, the Commission sent letters to 84 program proponents. It would not have been possible for our staff to provide elaborate explanations for each associated program without compromising the management of our energy efficiency programs. Sesco appears to be unsatisfied with the extent of the information provided in the staff's letters regarding Sesco's energy efficiency program proposals. But per our directives, staff tried to provide insights to program proponents and implementers to improve program elements and delivery, and even if they could not satisfy Sesco's expectations in this case, the Commission staff complied with our directive. We therefore deny Sesco's motion.

VIII. Motion of PG&E for Authority to Transfer Unspent, Uncommitted 2003 Funds

On January 30, 2004, PG&E filed a motion requesting authority to transfer $4.47 million in unspent, uncommitted funds to the Single Family Energy Efficiency Rebate Program from the budgets of other residential programs and administrative costs for non-utility implementers. PG&E explains that demand for the energy efficiency rebates was higher than expected.

This decision denies PG&E's request to shift 2002-03 funds to the 2002-03 budget of the Single Family Energy Efficiency Rebate Program. We instead authorize PG&E to apply 2004-05 funds for this program to outstanding rebate requests submitted in 2003. We herein apply $4.47 million in unspent funds from 2002 and 2003 to the programs adopted herein for the period 2004-05.

IX. Minor Errors in D.03-12-060

Ordering Paragraph 13 of D.03-12-060 directs the utilities to provide a plan for evaluation activities related to local and statewide programs, among other things. D.03-12-060 established a procedure for evaluating local programs separately from statewide programs. Ordering Paragraph 13 is therefore in error and its reference to local program evaluation plans should be deleted. We make that correction in this order.

This order also corrects several tables from D.03-12-060 that included inadvertent errors. Those tables are attached to this decision (Attachment 3) and highlight those values that are corrected. Associated text in D.03-12-060 is corrected consistent with these tables.

D.03-12-060 inadvertently omitted an ordering paragraph to authorize the utilities to spend procurement funds on programs approved by D.03-12-060 for the procurement portfolio established in D.02-03-062. This decision includes such an ordering paragraph.

X. Comments on Draft Decision

The Commission mailed the draft decision of Administrative Law Judge Kim Malcolm to the parties on January 27, 2004 in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Parties filed comments on February 16, 2004 and reply comments on February 23, 2004.

XI. Assignment of Proceeding

Susan P. Kennedy is the Assigned Commissioner. Meg Gottstein and Kim Malcolm are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. D.03-12-060 stated the Commission's intent to allocate $67 million in PGC funds to efficiency programs and evaluation of them for two years during 2004-05. Consistent with D.03-12-060, Commission staff reevaluated certain program proposals and recommend those identified in this decision and Attachments 1 and 2.

2. D.03-12-060 intended that all programs funded herein would be subject to all of the evaluation criteria, contracting, evaluation and other administrative requirements adopted in D.03-12-060.

3. The programs adopted for funding herein meet the evaluation criteria adopted in D.03-08-067 and affirmed in D.03-12-060.

4. The bridge funding ordered in D.03-12-060 is no longer required. Any amount of bridge funding spent on programs authorized herein should be considered part of the budgets of those programs for 2004-05.

5. Mowris notified the ALJ on January 22, 2004 that he wished to withdraw his October 23, 2003, petition to modify the ALJ's September 12, 2003 ruling in this proceeding regarding the utilities' 2003 program EM&V plans.

6. WEM filed a petition to modify D.03-08-067 on legal issues that have been resolved in D.04-01-032 and are the subject of WEM's application for rehearing of D.03-12-060.

7. Commission staff provided adequate information to program proponents, consistent with D.03-12-060.

8. Ordering Paragraph of D.03-12-060 inadvertently refers to local program evaluation plans, which are treated differently from statewide programs.

9. The tables in D.03-12-060 included several inadvertent minor errors.

10. D.03-12-060 inadvertently omitted an ordering paragraph to authorize the utilities to spend procurement funds on programs approved by D.03-12-060 for the procurement portfolio.

11. In using its judgment to develop a proposed energy efficiency program portfolio, Commission staff followed the Commissioner's direction in D.03-08-067.

12. PG&E received more requests for rebates in 2003 than expected in its Single Family Energy Efficiency Rebate Program and requests unspent, uncommitted funds for 2002 and 2003 to supplement those rebate requests received in 2003.

Conclusions of Law

1. The Commission should adopt the $71 million in program funding and modifications set forth in Attachments 1 and 3.

2. The Commission should require parties for whom funding is authorized herein to comply with all contracting, evaluation, reporting and other administrative requirements adopted in D.03-12-060.

3. The bridge funding adopted in D.03-12-060 should be discontinued effective today and consistent with Conclusion of Law 4 in D.03-12-060. Funding for related programs should end except to the extent it is expressly authorized herein for 2004-05.

4. The petition of Mowris to modify the ALJ's September 12, 2003 ruling in this proceeding should be withdrawn, consistent with the wishes of the movant.

5. WEM's September 26, 2003 petition to modify D.03-08-067 should be denied because it raises issues that have been resolved and are subject of a pending application for rehearing of D.03-12-060 filed by WEM.

6. Sesco's January 14, 2004 motion for more information from Commission staff regarding program proposal evaluations should be denied.

7. D.03-12-060 should include express authorization for SCE, PG&E and SDG&E to spend procurement funds on energy efficiency programs, consistent with D.03-12-060 and D.03-12-062.

8. Ordering Paragraph 13 of D.03-12-060 should be modified to remove reference to local program evaluations.

9. The tables in D.03-12-060 should be corrected as set forth herein.

10. D.03-08-067 did not establish numerical scores as a minimum threshold for approval or denial of program proposals. D.03-08-067 employed a two-phased evaluation process that applies numerical scoring in the primary phase, which varies in each funding cycle based upon the number of applicants and the amount of funding available, and a certain level of discretion in the second phase

to ensure the Commission's directives are met to achieve a balanced portfolio of energy efficiency programs.

11. PG&E should be authorized to use 2004-2005 funds to provide rebates to qualified participants in its Single Family Residential Rebate Program who made requests in 2003 but for which PG&E no longer has 2003 funds.

12. PG&E should be required to carry over $4.47 million in 2002 and 2003 unspent, uncommitted program funds to the Right Lights Program Turnkey Commercial Lighting Retrofits by Ecology Action, the Positive Energy Load Fund by KEMA – XENERGY, and the Statewide School Energy Efficiency Program by D&R International.

INTERIM ORDER

IT IS ORDERED that:

1. Funding is hereby authorized for programs and in amounts set forth in Attachment 1 of this decision for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) and specified other entities. Parties receiving funding are eligible for no more than the amounts awarded herein. Payments are contingent on reasonable program performance.

2. The "bridge funding" authorized by Ordering Paragraph 3 of D.03-12-060 is terminated, effective today. Any amount of bridge funding spent on the programs authorized herein should be considered part of the approved budgets for those programs.

3. The programs for which funding is adopted herein as described in Attachment 2 are subject to the requirements of D.03-12-060 as set forth in Ordering Paragraphs 5-13 and Ordering Paragraphs 15-19.

4. Ordering Paragraph 13 of D.03-12-060 is modified as follows:

> "Utilities shall jointly develop, file, and serve, within 60 days of the effective date of this order, in consultation with the Energy Division and through available informal mechanisms, a plan for the conduct of evaluation activities related to their statewide programs and overarching studies. The utilities should make demonstrable efforts to expand and vary the entities with which they contract to perform these duties. We delegate authority to the assigned ALJ, in consultation with the Energy Division and the Assigned Commissioner, to review and approve the plans for the statewide evaluation studies, overarching studies, and the selected contractors for these studies."

5. Attachment 3 to this order corrects inadvertent errors in D.03-12-060.

6. Sesco's January 14, 2003 motion is denied.
7. Robert Mowris & Associates' October 23, 2003 petition is withdrawn.
8. D.03-12-060 is modified to include the final ordering paragraph:

> "PG&E, SCE and SDG&E are authorized to spend the amounts identified and for programs identified in Attachment 3 of D.03-12-060. The utilities shall implement those programs using procurement funds identified in D.03-12-062 and otherwise consistent with this order."

This order is effective today.

Dated ____________________________, at San Francisco, California.